

**[COMPANY LETTERHEAD]**

**[DATE]**

Sterling Road 3, L.P.

RE: Pro Rata Rights

To Whom it may concern:

This letter confirms the agreement (this “**Agreement**”) between Sterling Road 3, L.P. (the “**Investor**”) and **[COMPANY NAME]** (the “**Company**”), in consideration of the Investor’s investment in the Company pursuant to that certain Simple Agreement for Future Equity (the “**SAFE**”) or Convertible Promissory Note (the “**Note**”) dated on or about the date first set forth above.

Capitalized terms that are not defined herein will be defined as set forth in the SAFE or Note as applicable. Upon execution by all parties hereto of the SAFE or Note as applicable and this Agreement, and the Investor’s funding of the investment contemplated by the SAFE or Note as applicable, this Agreement will constitute a binding agreement among the parties hereto that may not be amended without such parties’ written consent.

1. **Right of First Offer.** At each such time the Company proposes to offer equity securities with the principal purpose of raising capital up to and including the Company’s next financing for the sale of preferred stock of the Company at a fixed valuation with at least \$3,000,000 in proceeds (excluding the conversion of any convertible promissory notes, SAFEs or other convertible securities) (an “**Qualified Financing**”), the Company will provide the Investor with at least ten (10) business days’ prior written notice of each such offering, including the price and terms thereof. The Investor will have the right, but not the obligation, to invest an amount (in the aggregate across all such offerings and investments by the Investor) equal to up to five percent (5%) of the post-money valuation of the Company at the time of each such offering (the “**Investment Allocation**”). Such investments by the Investor will be on the same terms and at the same price as the Company offers to the other investors purchasing Equity Securities in such offerings. For example, if the Company is raising a \$2,000,000 round on an \$8M pre-money valuation, Investor shall have the option to invest up to \$500,000. The investment can be larger than the Investment Allocation upon mutual agreement of the parties, and Investor may, in its discretion, invest less than the full Investment Allocation. The foregoing right of first offer described herein is assignable and transferable in whole or in part to any “**Affiliate**” defined as partners or members who retain an economic interest in the Investor, any then current or prospective partner of the Investor or any subsequent partnership or limited liability company under common investment management, any current or prospective limited partner, any general partner, any member or management company of the Investor, but shall not be assignable without the Company’s written consent to any other party; *provided, however*, that the right of first offer described herein shall not be assignable or transferable to any competitor of the Company, as determined reasonable and in good faith by the Company.
2. **Termination.** This Agreement and the rights and obligations described herein will terminate and be of no further force or effect upon the earliest to occur of: (a) the initial closing of a Qualified Financing; provided that this Agreement will continue after the initial closing of a Qualified Financing to the extent necessary to enforce the provisions of Section 1 above; (b) the consummation of a sale of the Company’s securities pursuant to a registration statement filed by the Company under the Securities Act, in connection with a firm commitment underwritten offering of its securities to the general public; or (c) the consummation of a merger or consolidation of the Company that is effected (i) for independent business reasons unrelated to extinguishing such rights; and (ii) for purposes other than (A) the reincorporation of the Company in a different state; or (B) the formation of a holding company that will be owned exclusively by the Company’s stockholders and will hold all of the outstanding shares of capital stock of the Company or its successor.
3. **Right to Conduct Activities.** The Company hereby agrees and acknowledges that Investor is a professional investment organization, and as such reviews the business plans and related proprietary information of

many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently proposed to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, Investor shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by Investor in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of Investor to assist any such competitive company, whether or not such action was taken as an investor, advisor, consultant, officer, or member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve the Investor from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to a confidentiality agreement.

4. Governing Law; Counterparts. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions thereof. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., DocuSign) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

**IN WITNESS WHEREOF**, the parties hereto have executed this letter agreement as of the date first above written.

Very truly yours,

**[COMPANY]**

By: \_\_\_\_\_  
**[Name]**  
**[Title]**

Agreed to and accepted:

**STERLING ROAD 3 L.P.**

By: Sterling Road III GP, L.L.C.  
Its: General Partner

By: \_\_\_\_\_  
Ashley Rust  
Managing Member